

CITY OF TOPPENISH
Yakima County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Payroll Charges To Federal Programs Should Be Adequately Supported

During our review of the Community Development Block Grant (CDBG) program, we found that the City of Toppenish does not maintain time records sufficient to ensure that the actual time worked on the program equals the percentage of payroll charged to the program. Employees are billed to the programs based on percentages set during the budget process. The employees who are billed to the CDBG program are the housing director at 44 percent, the housing rehabilitation inspector at 75 percent, and the housing program coordinator at 85 percent. The balance of their time is charged to either local or other federal programs.

Circular A-87, *Cost Principles*, prescribed by the U.S. Office of Management and Budget (OMB) establish standards for documentation and allowability of costs chargeable to federal grant programs. Among those standards are:

Payroll and distribution of time. Amounts charged to grant programs for personal services . . . will be based on payrolls documented and provided in accordance with generally accepted practice of the . . . local government. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort. (A-87 Attachment B)

City officials believed their current methods were appropriate, partly because a Department of Community, Trade and Economic Development (DCTED) program monitor had reviewed this program earlier and indicated to city personnel that the percentages charged appeared reasonable.

Without actual time records we were unable to determine that cost billed to federal programs were proper.

We recommend that the city require all payroll costs charged to federal programs be properly supported by time and attendance or equivalent records.